



Agriculture Industry Flash

Monday, July 18th, 2016

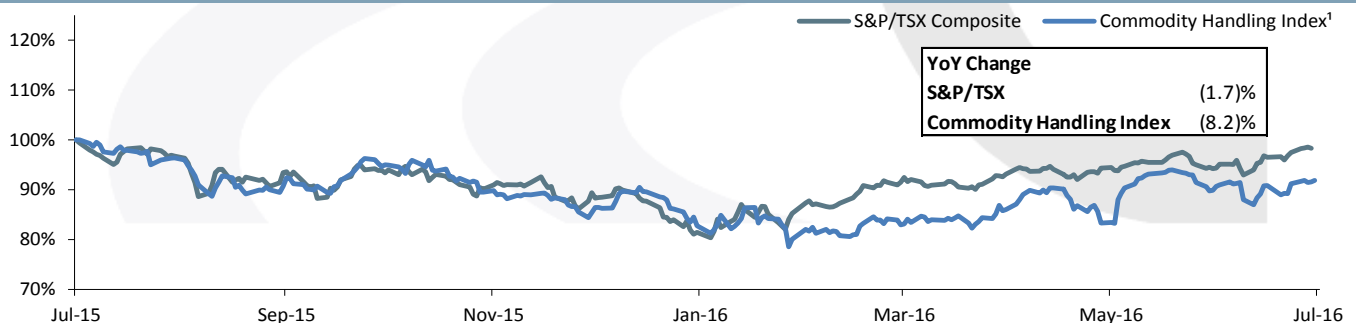


COMMODITY HANDLING

News Scan

- On July 5th, Bunge and Wilmar International announced they are forming a joint venture in Vietnam to leverage both companies' footprints in Asia. Bunge will sell 45% of its equity in its Vietnam crush operations to Wilmar, and will retain 45%, while Quang Dung, a leading soybean meal distributor, retains its existing 10% stake. The transaction unlocks growth potential by connecting Bunge's upstream crushing capabilities to Wilmar's downstream oil refining and consumer products business, and to Quang Dung's feed milling and marketing activities
- According to AGT's CEO, Murab Al-Katib, lentil exports may rise by 3 million metric tons as farmers are poised to collect a record 3.7 million tons in this year's Canadian harvest. Canada's lentil shipments to India, the world's top buyer, have climbed to 265,000 tons between August and May, up 87% from the same period a year earlier, as the country's production was hampered by poor Monsoon rain. Rising Canadian production will benefit AGT by allowing it to expand the use of lentil and pea starches in high-protein baked goods for the Asian market
- On July 14th, Nord-Céréales, the second largest port silo in France, reported it exported 3.2 million tonnes of grain in 2015-16, a record amount. Nord-Céréales is located in the central zone of the Port of Dunkirk. The terminal has 222,000 tonnes of vertical storage and 110,000 tonnes of horizontal storage, and is located in three regions in Dunkirk that account for 40% of domestic grain production.
 - In 2015, France harvested a record 43 million tonnes of wheat, breaking the 40 million mark for the first time. However, in the past months, French wheat fields, which account for over 25% of total EU wheat production, have been hit by severe rains leading to damaging effects on yields and increasing disease risk. Forecasters have lowered 2016 French soft wheat production estimates an additional 5% to 36.5 million tonnes, or 12% lower than 2015 soft wheat production of 41.5 million tonnes
- On July 7th, Ceres Global Ag announced it has appointed Robert Day as President and Interim Chief Executive Officer, following the resignation of Patrick Bracken. Ceres also announced it has reduced its board size from seven to five directors

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

	Market	TEV/EBITDA		Price/Earnings		Week Δ	Δ Price	
		Cap	TEV	2016E	2017E	2016E	2017E	Price
ADM	25,824	31,563	9.8x	8.7x	18.0x	15.0x	1.1%	(11.2)%
Bunge Limited	8,529	13,522	6.9x	6.2x	11.4x	10.1x	1.7%	(30.8)%
Graincorp Limited	1,511	2,527	11.7x	9.4x	39.6x	21.2x	0.3%	(7.5)%
The Andersons, Inc	1,035	1,738	11.0x	7.3x	43.0x	14.1x	3.5%	(6.6)%
AGT Food and Ingredients	628	1,032	10.6x	9.2x	16.5x	12.2x	(1.4)%	(19.4)%
Ceres Global Ag	117	188	na	na	na	na	(0.5)%	(16.5)%
Mean			10.0x	8.2x	25.7x	14.5x	0.8%	(15.3)%

1 "Commodity Handling Index" is composed of equally weighted market prices for: ADM, Bunge, Graincorp, The Andersons, AGT, and Ceres

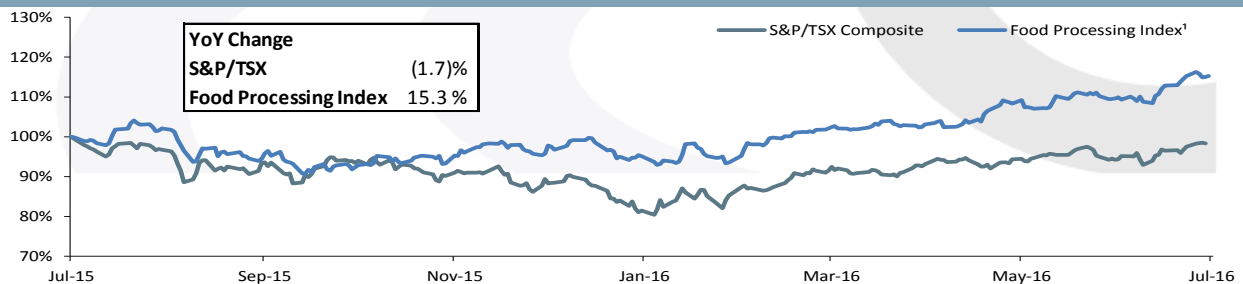


FOOD PROCESSING

News Scan

- On July 7th, Danone announced it would buy WhiteWave Foods for US\$10.4 billion, or US\$56.25/share, a 24% premium to its 30-day average trading price. WhiteWave manufactures and markets branded organic and non-GMO plant-based foods and beverages (ie. Silk brand milk) and other premium dairy and organic products. The purchase will position Danone in high growth, healthy food segments and is expected to generate significant synergies of \$300 million by 2020. The combined entity creates a unique global leader strongly aligned with consumer trends for healthier and more sustainable food options
- On July 5th, Hostess announced it is selling a majority stake of the company to Gores Holdings, a publicly traded special-purpose acquisition company sponsored by Gores Group. The deal, valuing the company at US\$2.3 billion, allows Hostess to become a publicly-traded company without having to undergo an IPO. Hostess' portfolio has slimmed down in the interim, and the company is now poised for new growth and expansion with a continued focus on new products and acquisitions
- On July 6th, AdvancePierre Foods Holdings set the terms for its US\$400 million IPO, by offering 18.6 million shares at a stock price of US\$20 to \$23, valuing the company at ~\$1.7 billion. Net proceeds will go toward repaying its first lien term loan
- On July 6th, China Resources Beer reported it is seeking to raise US\$1.2 billion via a deeply discounted rights offering, to partly fund the previously announced purchase of SABMiller's stake in the CR Snow joint venture. The state-backed brewer plans to issue around 811 million new shares at HK\$11.73/share, a 31% discount to the pre-announcement closing price
- On July 15th, AAK announced it has acquired California Oils Corp (CalOils) from Mitsubishi Corp for an undisclosed amount. CalOils had sales of \$158 million in 2015, and volume of ~110,000 tonnes. The company's product line includes a variety of oils, including palm and palm kernel oils, vegetable oils and coconut oil. The acquisition establishes AAK as the leading supplier of specialty and semi-specialty oils to the bakery, dairy and confectionery industries in the Western U.S. and Canada
- On July 15th, Ingredion announced it will distribute 4 pulse-based ingredients manufactured by AGT Food and Ingredients that come with a "clean flavour profile" for use in a variety of applications including high-moisture products like yogurts, and low-moisture products like baked foods

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

	Market Cap	TEV	TEV/EBITDA		Price/Earnings		Week Δ Price	Δ Price 52Wk High
			2016E	2017E	2016E	2017E		
ConAgra Foods, Inc.	21,050	26,641	13.4x	12.9x	20.5x	19.2x	(0.7)%	(1.7)%
George Weston Limited	11,322	19,228	6.4x	6.2x	18.3x	16.6x	2.4%	(4.6)%
Ingredion Incorporated	9,563	11,250	11.3x	10.8x	19.9x	18.4x	0.3%	(0.5)%
Tate & Lyle plc	4,253	4,931	11.0x	10.7x	19.8x	18.2x	(0.9)%	(4.3)%
Maple Leaf Foods Inc.	2,994	2,858	10.5x	9.7x	22.5x	20.1x	1.5%	(4.4)%
SunOpta Inc.	432	952	9.4x	7.8x	20.9x	12.3x	(0.5)%	(56.2)%
Rogers Sugar	420	568	9.6x	9.5x	13.8x	13.8x	(1.9)%	(3.2)%
Mean			10.2x	9.7x	19.4x	16.9x	0.0%	(10.7)%

1 "Food Processing Index" is composed of equally weighted market prices for: George Weston, ConAgra, Ingredion, Tate&Lyle, Maple Leaf Foods, SunOpta, and Rogers Sugar.

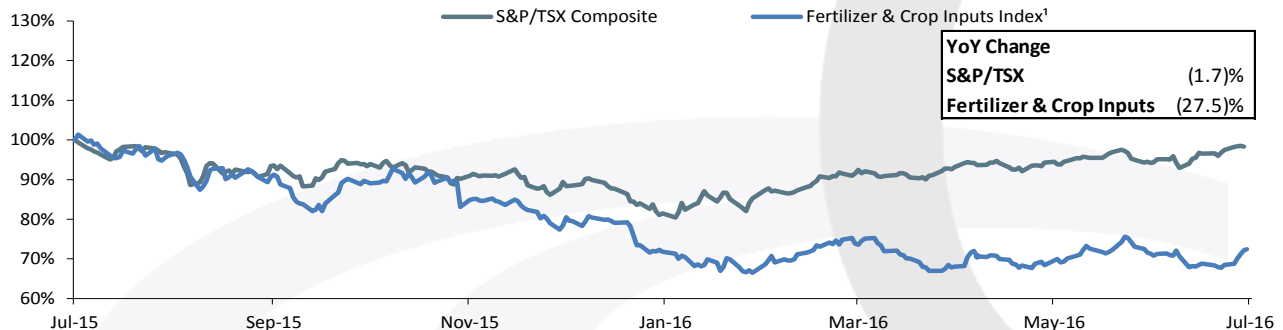


FERTILIZERS & CROP INPUTS

News Scan

- On July 14th, Bayer announced it has raised its offer to acquire Monsanto, to \$125/share, or \$64 billion, from \$122/share, or \$62 billion. Bayer also offered Monsanto a US\$1.5 billion reverse antitrust breakup fee to “reaffirm its confidence in a successful closing”. Bayer also said it had comprehensively addressed Monsanto's concerns about financing and regulatory matters, and that it was prepared to make certain commitments to regulators, if required, to complete a deal
- On July 6th, Cargill announced it is selling 18 retail crop input dealers to Agrium for an undisclosed amount. The locations have annual revenues of over US\$150 million, and are located in Nebraska, South Dakota, Minnesota, Wisconsin, Michigan and Indiana. The sale does not involve Cargill's Canadian crop input retail business. The retail locations are in areas of the Corn Belt where Agrium has a limited presence, and it supports Cargill's intentions to focus on being the world's leading merchant of grain and oilseeds
- On July 13th, The Mosaic Co. reported it will shut down its Colonsay, Saskatchewan potash mine for the rest of 2016 as the potash supply line is oversupplied and prices are weak. The Colonsay mine's proven annual production capacity is 2.6 million tonnes and currently employs 330

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

	Market	Cap	TEV/EBITDA		Price/Earnings		Week Δ Price	Δ Price 52Wk High
			2016E	2017E	2016E	2017E		
Agrium Inc.	13,221	18,231	9.7x	9.0x	17.6x	15.6x	6.5 %	(11.2)%
Potash Corp.	14,493	17,962	13.7x	11.9x	33.9x	25.5x	8.5 %	(41.2)%
Yara International ASA	12,391	13,618	6.4x	6.5x	14.7x	14.6x	6.8 %	(34.8)%
The Mosaic Company	10,036	12,914	9.4x	7.9x	32.4x	19.6x	12.6 %	(36.7)%
CF Industries Holdings, Inc.	6,396	12,411	8.5x	7.7x	15.1x	13.8x	10.4 %	(59.4)%
Nufarm Ltd.	1,562	2,469	8.9x	8.0x	15.2x	14.0x	3.2 %	(12.7)%
Input Capital Corp.	127	111	8.6x	5.2x	neg	24.4x	(1.0)%	(32.1)%
Mean			9.3x	8.0x	21.5x	18.2x	6.7 %	(32.6)%

¹ “Fertilizers and Crop Inputs Index” is composed of equally weighted market prices for: Potash, Mosaic, Agrium, Yara, CF Industries, Nufarm and Input Capital

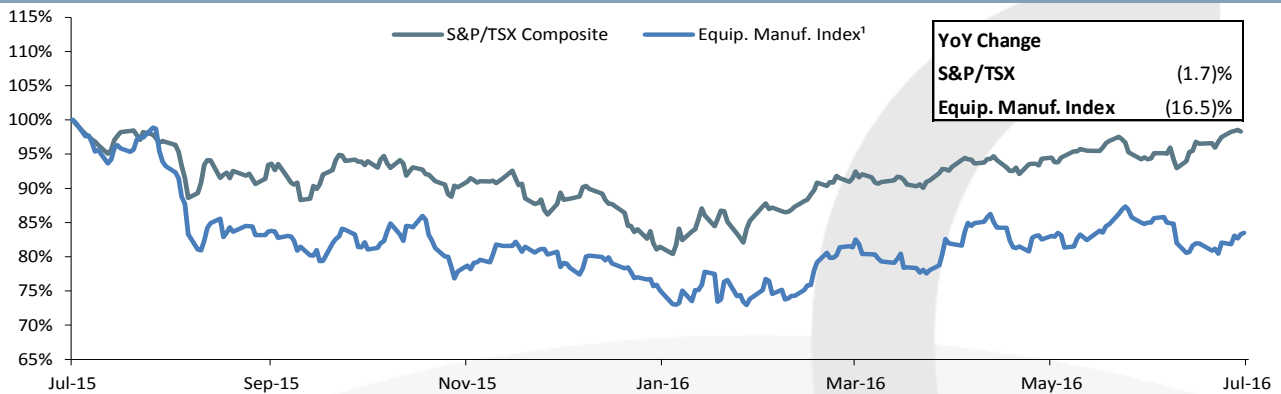


EQUIPMENT MANUFACTURERS AND SERVICES

News Scan

- On July 14th, reports indicated the board of the Far West Equipment Dealers Association has approved entering into merger talks with the Western Equipment Dealers Association. While no transaction details were released, both associations have said the merger is an opportunity to provide enhanced services and exercise greater influence in dealer-manufacturer relations/issues. If approved, the combined company would represent equipment dealers in 4 Canadian provinces and 17 states in the western U.S.

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

	Market		TEV/EBITDA		Price/Earnings		Week Δ Price	Δ Price 52Wk High
	Cap	TEV	2016E	2017E	2016E	2017E		
Deere & Company	26,212	28,412	11.4x	12.3x	26.5x	28.7x	3.0 %	(14.4)%
AGCO Corp	4,068	5,610	9.5x	9.3x	21.1x	18.8x	3.4 %	(14.8)%
Ag Growth International Inc.	454	723	10.4x	9.2x	15.5x	13.3x	(1.5)%	(16.6)%
Rocky Mountain Dealerships	109	416	18.7x	15.8x	10.6x	8.5x	2.0 %	(18.5)%
Cervus Equipment Corporation	139	395	10.0x	9.4x	14.0x	10.5x	2.1 %	(27.1)%
Mean			12.0x	11.2x	17.5x	16.0x	1.8 %	(18.3)%

1 "Equip. Manuf. Index" is composed of equally weighted market prices for: Deere & Co., AGCO, Ag Growth International and Cervus.



ADDITIONAL NEWS AND AGRICULTURE COMMODITIES UPDATE

News Scan

- On July 7th, the U.S. Senate passed legislation that would federally require the labeling of human food and animal feed containing biotechnology-enhanced ingredients. The legislation would provide certainty by pre-empting Vermont's mandatory GMO labeling law, in favor of a uniform national standard that would provide an efficient mechanism for consumers who wish to know more about food products, including the biotech content of food, without forcing consumers to incur exponential increases in food costs
- On July 12th, Ukraine's Ministry of Agriculture announced the country exported 39.4 million tonnes of grain in the 2015-16 marketing year, up 14% from 34.8 million tonnes in the same period last year. Ukraine exported 17.4 million tonnes of wheat, 17.4 million tonnes of corn, 4.4 million tonnes of barley and 0.3 million tonnes of other grains
- On July 11th, over 800,000 people from Uttar Pradesh, one of India's most populous states, planted 49.3 million tree saplings in just 24 hours. The saplings included 80 different species of trees, and broke the record previously held by Pakistan for most trees planted in a day. This mass-planting event is to raise awareness of the government's plan to make India green again by pledging to increase forest cover to 95 million hectares (235 million acres) by 2030. India's government is putting forward \$6.2 billion to support this effort
- On July 12th, the USDA forecasted the carryover of wheat on June 1st, 2017 at 1.1 billion bushels, up 13% from 981 million bushels in 2016. If the forecast is realized, the 2017 wheat carryover would be the largest since 1.3 billion bushels in 1988
- Heavy downpours and wet conditions across Saskatchewan may result in poor lentil yields, as the crop is more susceptible to damage from too much water, compared to canola and wheat. According to Statistics Canada, farmers in the province planted a record 5.3 million acres of lentils this spring, compared to 3.7 million acres seeded in 2015
- Millennial-focused trends have been critical to food and beverage start-ups, which now comprise about \$5.7 billion in investments, up 152% from 2014. The generation is expected to account for more than 75% of growth in food and beverages over the next decade. As some major manufacturers haven't been nimble enough to remain on pace with changing millennial trends, start-ups have popped up to accommodate increasing demands and create entirely new product segments that challenge the status quo

Commodities Futures as of July 15th, 2016

Commodities Futures	Ticker	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	CBOT:AC	\$ per bu.	\$3.58	(0.52)%	1.96 %
Wheat (CBOT)	CBOT:AW	\$ per bu.	\$4.24	(1.34)%	(7.37)%
Oats (CBOT)	CBOT:AO	\$ per bu.	\$2.03	5.65 %	(3.33)%
Rough Rice (CBOT)	CBOT:ARR	\$ per cwt.	\$10.52	0.67 %	(10.62)%
Barley (USDA)	USDA:A24	\$ per bu.	\$4.95	0.00 %	0.00 %
Rapeseed (Canola) (ICE)	ICE:ARS	CAD per T	\$470.00	(4.78)%	(2.47)%
Ethanol (CBOT)	CBOT:ET	\$ per gal.	\$1.56	(2.99)%	12.74 %



Recent Earnings News

Company	Period Ended	EPS YoY Change	Last Quarter		
			Comments	Analyst Consensus (US\$)	Premium to Current
Commodity Handling					
CHS Inc.	31-May-16	n/a	Net income of \$425.8 million through nine months of its 2016 fiscal year, down 34% from a net income of \$694.6 million in the same period of last year, attributed to the continued down economic cycles in the agricultural and energy sectors, which reduced commodity prices and margins globally	n/a	n/a

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